

**COMMISSIONERS' OPEN MEETING  
MINUTES OF MEETING HELD MAY 9, 2012**

In attendance: Commissioners David Langhorst, Tom Katsilometes, and Richard Jackson; Chris Barry, Michael Chakarun, Valerie Dilley, Steve Fiscus, Roxanne Lopez, Robin O'Neill, Mark Poppler, Keith Reynolds, Liz Rodosovich, Randy Tilley, Bill von Tagen, Mike Teller; Cynthia Adrian, Rick Anderson, McLean Russell, Shelley Sheridan; George Brown, Chelsea Kidney, Carl Olsson, Erick Shaner, Phil Skinner; Ginger Cline, Karen Eavenson, Terra Fogg, Leslie Jones, Patricia Surline, Cecil Torres, Kim Wind.

**Public Session.**

Chairman Langhorst convened the meeting.

**Presentation of Certificates of Service.**

Roxanne Lopez, Human Resource Officer, acknowledged the employees that were receiving Certificates of Service and stated how much all of their work efforts were appreciated.

Roxanne, with the Commissioners, presented certificates to: Karen Eavenson, Office Specialist 2, Tax Discovery Bureau (Audit & Collections), and Terra Fogg, Revenue Process Clerk, Central Processing (Revenue Operations), and Cecil Torres, Technical Records Specialist 1, Central Processing (Revenue Operations) for 5 years of service; and Leslie Jones, Project Coordinator (Public Information Office) for 15 years of service.

The certificate of service for Rod Howard, Tax Field Office Manager, Coeur d'Alene Field Office (Revenue Operations) for 15 years of service will be presented at a later time.

Chairman Langhorst presented Patricia Surline (Revenue Operations) a Certificate of Appreciation from the Governor for her successful coordination of the Charitable Giving Campaign for the agency.

The Commissioners thanked the recipients, noted how their years of service and efforts were commendable and appreciated. The recipients were dismissed and invited to stay for the rest of the meeting.

**Administrative Reports.**

Audit & Collections, Randy Tilley.

Randy Tilley, the Division Administrator for Audit & Collections (A&C), noted that the April Recovery numbers have been completed. To date, \$117,726,622 has been recovered, of which \$7,015,558 is attributed to the compliance initiative. A&C is moving into some of the biggest months for recoveries, but it is highly unlikely that they will attain the results achieved last year.

The Taxpayer Services (TPS) call volume is returning to normal post-tax drive numbers. Last week, TPS received 3,165 calls, of which 190 were abandoned. The week before the income tax due date, TPS received 5,300 calls, of which 1,751 were abandoned. The week of the due date, TPS received 4,846 calls, of which 556 were abandoned. Many callers are asking about the status of their refund. On a positive note, Rod Shown reports an increase in calls related to applying for new business permits. Callers are directed to the agency's website to apply for the appropriate permits.

Statements of Account are beginning to go out to taxpayers who filed their individual income tax returns timely but did not remit the entire amount due. Phone Power is prepared to respond to inquiries from taxpayers regarding the statements.

New phone systems have been installed in the Twin Falls and Lewiston Offices, and the installation of a new system is in progress in Coeur d'Alene this week. While staff phone numbers have changed, the primary number to the offices will remain active and a directory to the new numbers will be provided. Idaho Falls and Pocatello are scheduled to receive new phone systems the week of June 4.

Management Services, Mark Poppler.

Mark Poppler, Chief Financial Officer, noted that many of the leased vehicles in the agency's fleet are being replaced over the next few weeks. The four-year lease of six 2008 Chevy Impalas expires on May 20, and the Tax Commission could not renew that particular contract. However, there is a new lease to replace it with 2011 Dodge Avengers or Jeep Liberties. Not being a car person himself, Mark said that he was unable to say if that is an improvement or not. He strongly recommends bicycling.

Mark gave one last report on the refund fund as the tax drive begins to wind down. As expected, it reached its low point in the week before the April 17 tax due date. The fund got as low as \$16.6 million, but that was safely above the \$10 million level that was the trigger for needing to borrow. As of the morning of the meeting, the balance in the fund was \$26.7 million. Commissioner Jackson noted that the target was appropriate and recommended following this procedure in coming years.

Revenue Operations, Chris Barry.

Chris Barry, the Central Processing Bureau Chief, gave the report for Revenue Operations (RO) in the absence of Doreen Warren, the Division Administrator. Chris noted that through May 4, RO has received a total of 751,927 individual and business income tax returns. This number was in line with our projection of an increase of about two percent. RO has received about 535,000 individual returns electronically. The biggest electronic success is the electronic filing of business returns. RO received over 30,000 business returns electronically, almost doubling the number of returns filed during the same time period last year.

RO anticipated a higher number of electronically filed individual returns and had to make some staffing changes in order to get all the mail opened on time. All timely returns were opened by May 1 and all income tax money was deposited in April.

Chris noted that RO had a kickoff meeting for the imaging upgrade project. The vendor will be on site next week to continue developing the requirements. RO is also making good progress on the withholding project.

Public Information Office, Liz Rodosovich.

Liz Rodosovich, the Public Information Officer, noted that since the April open meeting, the Public Information Office (PIO) has fielded at least 25 media inquiries—some due to the tax drive, and others on topics all over the board, from tax incentives to tax breaks for churches using green energy. More inquiries than usual came from exotic sources like Reuters, the New York Times, and the Statehouse News in Springfield, Missouri.

The tax drive ended with curbside service on April 17—a successful effort that brought in more than 400 state returns and lots of public compliments, in addition to media attention.

PIO hosted the quarterly IRS/Tax Commission April 18, with both agencies debriefing each other on the tax season and talking about improvements to be made next year.

As part of our Outreach program, Chairman Langhorst traveled to Rupert April 18 to give a talk before the local Rotary Club. It was very well received, and he and the other commissioners plan to do more of that type of outreach.

Public Information has also received a request for a speaker to train nonprofit agencies on sales tax requirements for auctions.

PIO has been partnering with the commissioners and Strategic Development Services on the “2 in 2” campaign that focuses on building public confidence and employee pride in the agency. Thanks to Cheryl Flinn of Public Information for developing—in record time—the campaign logo that was introduced at the employee meeting last week.

### **Reports on Rules Committees.**

#### Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules – Committee Chair, Cynthia Adrian.

Cynthia Adrian, Chair for the Income Tax, Administration & Enforcement, Kilowatt, Mine License Rules Committee, reported that there were two committee meetings on April 16 and April 25. The committee is currently working on the drafts for the rules. Shelley Sheridan, Rules Coordinator, had provided information, also available on the agency website, to the public in attendance at the committee meetings.

Cynthia noted that none of the Administration & Enforcement Rules were negotiated rules, since they were all straightforward. These rules are included in the committee meetings with the Income Tax Rules.

Chairman Langhorst said that he liked the way the report on the rules has answered the Division of Financial Management’s (DFM) question if the agency had a process for negotiated rule-making. Bill von Tagen, Deputy Attorney General, noted that he provided the report to the new DFM analyst, Keith Reynolds. Commissioner Jackson said that he liked the approach and commended the Rules committees for all the work they are doing.

#### Sales Tax Rules – Committee Chair, McLean Russell.

McLean Russell, the Sales Tax Rules Committee Chair, noted that the committee is still working on being more open and thanked Shelley for making that happen.

McLean then highlighted Rules 024, 027, and 136. Rule 024 – Contractors Improving Real Property needs a general update. The Notice of Intent – Negotiated Rulemaking will be published in June. Rule 027 – Computer Equipment, Software, And Data Services clarifies that digital goods and software accessed remotely over the internet are taxable. Rule 136 – Rebates Paid to Certain Real Estate Developers clarifies the procedure and requirements for claiming a rebate. Commissioner Jackson complemented McLean for the approach he took in formalizing the process and for the recent meeting with representatives in the software industry.

Chairman Langhorst discussed, with McLean and Shelley, the possibility of having the monthly rules report on the website, along with a possible link in the open meeting minutes to the Rules page. Robin O’Neill, the Strategic Development Services (SDS) program manager, said she would also work with Shelley on posting the document on the Tax Insider.

McLean then clarified the proposed rule for Commissioner Katsilometes defining admissions for tax on tickets and vouchers purchased for resale.

Property Tax Rules – Committee Vice Chair, Rick Anderson.

Rick Anderson, Property Tax Rules Committee Vice Chair, gave the report in Committee Chair Alan Dornfest's absence. Rick highlighted a few of the potential proposed rules on property tax for the 2013 Legislature.

Rule 131 – Use of Ratio Study to Test for Equalization in Counties adopts IAA0 Standard on Verification and Adjustment of Sales. This deals with the question on when foreclosure sales are considered in the ratio study. A draft was distributed to assessors for comments and it was tabled until the June meeting. A Notice of Intent – Negotiated Rulemaking will be published in June.

Rule 605 – Property Exempt From Taxation – Property Used For School Or Educational Purposes is a new rule to require that leased personal property be used at the school or that its use be restricted to insure that it is being used for educational purposes. A draft is distributed to assessors for comments and will be on the May 22 agenda. A Notice of Intent – Negotiated Rulemaking will be published in June.

Rule 620P – Exemption for never-occupied residential improvements and commercial, industrial and residential site improvements was determined for negotiated rule-making. The subcommittee will meet on June 5, and the Notice of Intent – Negotiated Rulemaking will be published in June.

Rule 995 – Certification of Sales Tax Distribution needs to identify specific source of population estimates for cities and counties. This potential proposed rule specifies the Bureau of Census tables used for population estimates and was distributed to clerks for comments. Notice of Intent – Negotiated Rulemaking will be published in June.

Commissioner Katsilometes discussed Rule 714 – Deferral Of Property Taxes adds property tax deferral and the issue of reverse mortgages and eligibility for the deferral program. Pam Walters, Property Tax Reduction Unit supervisor, and Rick are working on technical correction for the definition of sufficient equity. The potential proposed rule was tabled to June. The Notice of Intent – Negotiated Rulemaking will be published in June.

**Business Requiring Vote of the Commission.**

Minutes: Open Meetings – April 4, 2012, and April 10, 2012 .

Commissioner Katsilometes moved that the minutes of the open meetings held on April 4, 2012, and on April 10, 2012, be approved, and Commissioner Jackson seconded. There were no comments or amendments. All voted in the affirmative, and the minutes were approved.

Social Media Policy – Administrative Policy Memo No. 12-02.

Randy Tilley presented the Social Media Policy for the Commission's approval. The new policy is to make sure staff has clear guidance on social media for personal or business use according to the Taxpayer Bill of Rights.

Commissioner Jackson moved that the Social Media Policy – Administrative Policy Memo No. 12-02 be approved and Commissioner Katsilometes seconded. There were no further questions or comments. All voted in the affirmative, and the Social Media Policy was adopted.

Intern and Volunteer Policy – Administrative Policy Memo No. 12-01.

Roxanne Lopez presented the Intern and Volunteer Policy for the Commission's approval.

Commissioner Katsilometes moved that the Intern and Volunteer Policy be approved and Commissioner Jackson seconded. There were no further questions or comments. All voted in the affirmative, and Intern and Policy – Administrative Policy Memo No. 12-01 was approved.

Background Investigation Policy – Administrative Policy Memorandum No. 12-04.

Roxanne presented the Background Investigation Policy for the Commission's approval.

Commissioner Katsilometes moved that the Policy – Administrative Policy Memorandum No. 12-04 be approved and Commissioner Jackson seconded. There were no further questions or comments. All voted in the affirmative, and the Background Investigation Policy was approved.

Violence in the Workplace – Administrative Policy Memorandum No. 12-03.

Roxanne presented the Violence in the Workplace Policy for the Commission's approval. Roxanne informed the commissioners that the administrative policy number changed from the original draft No. 12-02 to No. 12-03.

Commissioner Jackson moved that the Violence in the Workplace – Administrative Policy Memorandum No. 12-03 be approved and Commissioner Katsilometes seconded. There were no further questions or comments. All voted in the affirmative, and the Violence in the Workplace Policy was approved.

Regarding Policy on Reimbursement of Circuit Breakers.

Steve Fiscus recommended a statement on the policy regarding adjustments to the Property Tax Reduction (PTR or Circuit Breaker) recipients who overpaid – "Beginning tax year 2011, we will make additional payments for the claimants who did not receive the correct benefit." Discussion followed.

Commissioner Katsilometes moved on accepting the statement regarding the policy on reimbursement of Circuit Breakers, "Beginning tax year 2011, we will make additional payments for the claimants who did not receive the correct benefit." Commissioner Jackson seconded. There were no further questions or comments. All voted in the affirmative, and the motion passed.

**Public Comments.**

There were no more public comments.

**Other.**

There was no other business.

Bill von Tagen, Lead Deputy Attorney General, presented This Day in History.

This Day in History, May 9:

1671 – Captain Blood attempts to steal Crown Jewels.

1745 – First political cartoon appears.

1887 – Buffalo Bill's Wild West Show opened in London

1899 – Improved version of rotary lawn mower patented – awaiting the lightweight engine from John Burr.

1914 – The first Mother's Day was observed.

1950 – L. Ron Hubbard published *Dianetics*, the kick-off for Church of Scientology.

1955 – West Germany joins NATO.

1960 – FDA approves the birth control pill.

1989 – Dan Quayle addresses the United Negro College Fund (UNCF), mangling the Fund’s slogan “A mind is a terrible thing to waste” by saying: “When you take the UNCF model that, what a waste it is to lose one’s mind, or not to have a mind is being very wasteful, how true that is.”

#### #1 Song

1964 – The #1 song “Hello Dolly,” sung by Louis Armstrong, broke the 3½ month stranglehold by the Beatles.

1965 – The Brits are back with Herman’s Hermits “Mrs. Brown You’ve Got a Lovely Daughter.”

#### **Recess.**

Chairman Langhorst recessed the Public Session for 10 minutes to reconvene for the commissioners to meet with the Commission’s legal counsel.

#### **Reconvene Meeting.**

Chairman Langhorst reconvened the open meeting.

Commissioner Katsilometes moved to amend the agenda and have the executive session moved to begin at 10:15 a.m. Commissioner Jackson seconded. Commissioners Langhorst, Katsilometes, and Jackson voted in favor by roll call.

#### **Executive Session.**

The Commission met in executive session with its legal counsel pursuant to Idaho Code § 67-2345(1)(f) to discuss the current status of litigation to which the Commission is a party. No matters requiring a vote of the Commission resulted from the executive session.

Chairman Langhorst declared the Executive Session was ended.

There being no further business, the meeting adjourned.

Valerie Dilley  
Secretary

David R. Langhorst  
Chairman